

# **CPA Board Meeting**

## **January 17, 2003**

### **Presentation Outline**

- State of California Settlement Agreement with Williams Company
- Power Purchase Agreement with DWR
- City and County of San Francisco (the “City”) Peaker Project
  - Authority’s Roles and Rights
- King’s River Conservation District (the “District”) Peaker Project
  - Authority’s Roles and Rights
- Request Authorization to execute
  - Implementation Agreement between City, Attorney General, Department of Water Resources, and the Power Authority
  - Implementation Agreement between District, Attorney General, Department of Water Resources, and the Power Authority

# **Williams Settlement Agreement**

- State of California and Williams Co. Settlement Agreement signed November 11, 2002
- Agreement settled and resolved various lawsuits and regulatory complaints against Williams Co.
- Settlement consideration included:
  - cash consideration of \$146 million –payable in structured installments annually
  - a re-negotiated Power Sale Contract with DWR
  - a natural gas supply contract with DWR
  - payment-in-kind of 6 GE-LM 6000 peaker turbines
- AG transfers the William peaker units to the City and County of San Francisco (4 units) and the Kings River Conservation District (2 units) to improve reliability and replace old plants
- The AG will also provide development funds for the peaker projects (provided from the cash consideration)
- CPA participated and assisted the AG, DWR, City and District in negotiating a set of agreements for siting and developing the projects

# **Power Purchase Agreement between DWR and City/District**

- Project Capacity-270 MW
- 10 year term
- Price is based on cost of service
- City and District responsible for project development, financing, O&M, and fuel
- Termination rights if project cost/risk are unacceptable
- City and District responsible to meet certain key milestones
- Standard Development Terms and financing acceptable to DWR
- Performance Guarantees
  - availability
  - dependable capacity
  - heat rate

# **City and County of San Francisco (City) Peaker Project**

- Project Capacity-180 MW
- Termination Rights if Implementation Agreement not executed by January 31, 2003
- Implementation Agreement
  - Parties-AG, City, DWR, Power Authority
  - Transfer of (4) Williams Peaker Turbines
  - Development Funds provided by AG and placed in Escrow Account
  - City responsible for project development and financing
  - City responsible to secure site by December 31, 2003, and meet certain milestones
  - City entitled to receive payment if CPA exercises purchase option or units sold

# **City and County of San Francisco (City) Peaker Project (continued)**

- Escrow Agreement
  - Provides funding and payment of approved development costs/expenses
  
- Role and Rights of Power Authority
  - Approve terms of storage insurance (peaker units)
  - May manage and submit AFC on behalf of City
  - May assist and support City in project development under separate agreements
  - Payment of Power Authority costs from the Escrow Account
  - Purchase option if city fails to secure site or decides not to develop project
  - Purchase price set at \$2.5 million/unit
  - upon payment of purchase price, City's rights/assets and escrow funds are transferred to the CPA

# Kings River Conservation District Peaker Project

- Project Capacity 90 MW
- Development agreements signed on December 31, 2002
- Implementation Agreement
  - Parties-AG, District, DWR, Power Authority
  - Transfer of 2 Williams Peaker Turbines
  - Development funds provided by AG
  - District responsible for project development and financing
  - District responsible to secure site by December 31, 2003 and meet certain milestones
  - Termination Rights if project unacceptable to District
  - Entitled to receive payment if Power Authority exercises purchase option or if units sold

# **Kings River Conservation District Peaker Project (continued)**

- Escrow Agreement
  - Provides funding and payment of approved development costs/expenses
  - Amendments require Power Authority approval
  
- Roles and Rights of Power Authority
  - Approve terms of storage insurance
  - May assist and support District in project development under separate agreement
  - Approve Districts development budget
  - Review and approve payment of development costs
  - Purchase option if District fails to secure site or develop project
  - Upon purchase, Districts rights/assets and escrow funds are transferred to the Power Authority

# **Request Authorization to execute**

- Implementation Agreement between the City, AG, DWR, and the Authority
- Implementation Agreement between the District, AG, DWR, and the Authority